103D CONGRESS
1ST SESSION

H. R. 1382

To amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or as nonprofit organizations.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 1993

Mr. PETERSON of Minnesota (for himself, Mr. RICHARDSON, and Mr. KOPETSKI) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to treat for unemployment compensation purposes Indian tribal governments the same as State or local units of government or as nonprofit organizations.

1   *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the ''Indian Tribal Govern-

5 ment Unemployment Compensation Act Amendments of

6 1993''.

SEC. 2. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER FEDERAL UNEMPLOYMENT TAX ACT.

(a) IN GENERAL.—Section 3306(c)(7) of the Internal Revenue Code of 1986 (defining employment) is amended—

(1) by inserting ''or in the employ of an Indian tribe,'' after ''service performed in the employ of a State, or any political subdivision thereof,''; and

(2) by inserting ''or Indian tribes'' after ''wholly owned by one or more States or political subdivisions''.

(b) PAYMENTS IN LIEU OF CONTRIBUTIONS.—Section 3309 of the Internal Revenue Code of 1986 (relating to State law coverage of services performed for nonprofit organizations or governmental entities) is amended—

(1) in subsection (a)(2) by inserting '', including an Indian tribe,'' after ''the State law shall provide that a governmental entity'';

(2) in subsection (b)(3)(B) by inserting '', or of an Indian tribe'' after ''of a State or political subdivision thereof'';

(3) in subsection (b)(3)(E) by inserting ''or the tribe's'' after ''the State''; and

(4) in subsection (b)(5) by inserting ''or of an Indian tribe'' after ''an agency of a State or political subdivision thereof''.

1 (c) STATE LAW COVERAGE.—Section 3309 of the In-
2 ternal Revenue Code of 1986 (relating to State law cov-
3 erage of services performed for nonprofit organizations or
4 governmental entities) is amended by adding at the end
5 the following new subsection:

6 ''(d) ELECTION BY INDIAN TRIBE.—The State law
7 shall provide that an Indian tribe may elect to make con-
8 tributions for employment as if the employment is within
9 the meaning of section 3306 of the Internal Revenue Code
10 of 1986 or to make payments in lieu of contributions
11 under this section, and shall provide that an Indian tribe
12 may make separate elections for itself and each subdivi-
13 sion, subsidiary, or business enterprise chartered and
14 wholly owned by such Indian tribe.''

15 (d) DEFINITIONS.—Section 3306 of the Internal Rev-
16 enue Code of 1986 (relating to definitions) is amended by
17 adding at the end the following new subsection:

18 ''(t) INDIAN TRIBE.—For purposes of this chapter,
19 the term 'Indian tribe' has the meaning given to such term
20 by section 4(e) of the Indian Self-Determination and Edu-
21 cation Assistance Act (25 U.S.C. 450b(e)), and includes
22 any subdivision, subsidiary, or business enterprise char-
23 tered and wholly owned by such an Indian tribe.''

24 (e) TRANSITION RULE.—For purposes of the Federal
25 Unemployment Tax Act, service performed in the employ

1 of an Indian tribe (as defined in section 3306(t) of the
2 Internal Revenue Code of 1986 (as added by this Act))
3 shall not be treated as employment (within the meaning
4 of section 3306 of such Code) if—

5   (1) it is service which is performed before the
6   date of enactment of this Act and with respect to
7   which the tax imposed under the Federal Unemploy-
8   ment Tax Act has not been paid, and

9   (2) such Indian tribe reimburses a State unem-
10   ployment fund for unemployment benefits paid for
11   service attributable to such tribe for such period.

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